

COMPLETE EXECUTED PROPOSAL



SHELL CHEMICAL CORPORATION

PCA BUILDING
50 WEST 50TH STREET
NEW YORK 20

May 26, 1954

RUBBER PRODUCING FACILITIES
DISPOSAL COMMISSION
811 Vermont Avenue, N. W.
Washington 25, D. C.

Gentlemen:

The undersigned, Shell Chemical Corporation, submits this proposal for the purchase of certain of the government-owned rubber-producing facilities as follows:

1. IDENTIFICATION OF PROSPECTIVE PURCHASER

Shell Chemical Corporation, a Delaware corporation is a 100% subsidiary of Shell Oil Company, also a Delaware corporation. A controlling interest (65.44%) of the stock of Shell Oil Company is beneficially owned by Shell Caribbean Petroleum Company, a New Jersey corporation which, in turn, is beneficially owned by Canadian Shell Limited, an Ontario company. Canadian Shell Limited is beneficially owned by the Batavian Petroleum Company, a Netherlands corporation, which is owned 60% by Royal Dutch Petroleum Company, a Netherlands corporation, and 40% by the "Shell" Transport and Trading Company, Ltd., a British corporation.

2. IDENTIFICATION OF FACILITIES

We propose to purchase the following facilities on an integrated basis:

The lands, buildings and equipment comprising Plancor 963, a butadiene manufacturing facility at Torrance, California; Plancor 929, a styrene manufacturing facility at Los Angeles, California; and Plancor 611, a synthetic rubber (GR-S) facility at Los Angeles, California, as said Plancors are described in Brochures PBD-7, ST, and GRS-10, respectively, issued by the Rubber Producing Facilities Disposal Commission.

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We do not state any order of preference for the purchase of the foregoing facilities for the reason that we do not propose to purchase individual facilities.

In addition to the foregoing facilities, we propose to purchase the following:

All raw materials, supplies, repair parts, spare parts, and stores located at, or in transit to, the above-described facilities on the effective date of the sale, together with all work in process at such facilities on such effective date, at the cost thereof less depreciation, if any, as determined by the accounting procedures currently in use by the Government Agencies having responsibility for operation of the facilities. The price to be so paid shall be separate from and in addition to the amount designated in this proposal as payment for the facilities as such.

3. PLANS FOR SUPPLY OF FEEDSTOCKS

It is contemplated that the feedstocks for the operation of Plancor 611 will be supplied, in the main, by Plancors 963 and 929.

We would expect to continue the purchase of the crude benzene now supplied Plancor 929 by The Portland Gas and Coke Company, The Seattle Gas Company, Pacific Refiners, Inc. of Honolulu, Kaiser Steel Company at Fontana, and miscellaneous spot availability. We estimate that approximately 9,000,000 gallons per year, or roughly 60% of the benzene requirements for operation of Plancor 929 will be obtained from the above-named producers of benzene, and the remainder can be obtained from Shell Oil Company, who have benzene producing facilities at their Dominguez, California, refinery which have been used to produce benzene for use in Plancor 929 in the past, but are now in other service; or, subject to prior contractual commitments, the remaining requirements can be obtained from Shell Oil Company's Houston, Texas, refinery where an estimated 16,000,000 gallons per year of benzene can be produced.

Of the estimated 2,000 barrels per day of propane requirement for Plancor 929, we expect to obtain approximately 750 from Shell Oil Company, and an equal amount has been assured us by one of the petroleum refiners in the immediate area. The balance will be purchased from one of the present suppliers or some other refiner in the area where adequate propane is available to cover the total requirements.

We estimate that approximately 900 barrels per day, or 55% of the butylene requirements of Plancor 963 will be obtained from Shell Oil Company, with the balance purchased from one or two petroleum refiners in the immediate area who have indicated a willingness to supply us with the remaining portion of our total requirements.

In the event that we are not the ultimate purchaser of Plancor 963, it is estimated that either directly or through Shell Oil Company, 900 barrels per day of butylene will be available for possible sale to the purchaser of Plancor 963 for the years 1955, 1956 and 1957.

4. PLANS FOR DISPOSITION OF END PRODUCTS

We propose to offer the entire output of the copolymer plant (Plancor 611) to consumers in the marketing area West of the Rocky Mountains on both contract and spot sale bases. Our Conditions of Sale for both contract and spot sales are identical and are set forth on the reverse side of our standard contract form and standard acknowledgement of order form, copies of which are attached hereto as Exhibits 1 and 2. Price differentials for different modes of delivery will be set in accordance with general industry practices in the trade area. Only after products of Plancor 611 have been offered to consumers in the Western marketing area and to the extent that production capacity exceeds the indicated requirements, will products of this plant be offered for sale outside this trade area.

Since advance commitments in the form of supply contracts are most desirable from the standpoint of both supplier and consumer, efforts have been made to negotiate such contracts. Although these have been unsuccessful to date, they will be continued. Contract coverage will be offered to small business enterprises in the trade area on the same basis as that offered larger consumers and, in effect, they will be offered a percentage of planned production in line with the proportion they represent of the total market. It is our normal practice to reserve a portion of production to cover spot sales to consumers who cannot see their way clear, for one reason or another, to make forward commitments.

With reference to butadiene to be produced in Plancor 963, it is visualized that the major proportion of this production will be consumed in the adjacent copolymer plant. Additional quantities, when available, will be offered on fair terms and conditions comparable to those outlined above for copolymer products to other consumers in the trade area. A similar policy will also apply to the disposal of possible surplus butadiene outside the local marketing area.

Although similar policies will apply to the sale of styrene from Plancor 929, it is clear that in this case, at least for some years after April, 1955, the productive capacity of this unit will be well in excess of the requirements in the trade area. It is, therefore, our intention, immediately following acquisition of this plant, to transport substantial quantities of styrene to a point in the Gulf Coast area and to maintain there stocks from which to serve consumers, predominantly operators of copolymer units.

We are not engaged in the manufacture of derivatives of styrene, and it is our intention to grant to operators of copolymer plants first refusal on styrene produced at Plancor 929. We have approached a large number of potential copolymer plant operators in an effort to negotiate styrene supply contracts on a percentage of requirements basis, but have, so far, met with no success. In view of this, we cannot specify what portion of production will go to copolymer plants, but expect this will be at least 75% of the first year's output with our obligations in succeeding years to be determined by the interim performance of operators with whom we may have been successful in negotiating supply contracts.

We should like to make it clear that in our solicitation of commitments from consumers of both styrene and copolymers, we have limited our proposals to contracts of the requirements type with no "take or pay" or penalty provisions which would serve to underwrite our proposed investment or reduce our business risk. We have offered annual styrene supply contracts automatically renewable year by year for five years without option of cancelling by us, depending only on Buyer's interim performance as a measure of our obligation to supply. Our efforts to assure a fair price are amplified by Clause No. 6 of our Conditions of Sale which assures the Buyer of a fair price by releasing him from obligation to purchase from us if he can secure material of equal quality elsewhere at a lower price which we are unwilling to meet. As discussed above, these terms are offered equally to large consumers and small business enterprises alike.

5. USE OF FACILITIES

It is our intention to operate Plancor 963 for the production of butadiene and Plancor 929 for the production of styrene, and we do not have any intention of diverting any part of these facilities for the manufacture of any other products.

It is our intention to utilize Plancor 611 facilities in major part to supply the general purpose grades of synthetic rubber as manufactured there at the present time. However, in order to best

serve all consumers of copolymers of butadiene and styrene in the trade area, particularly consumers other than the manufacturers of automobile tires, we anticipate that it will prove desirable to offer relatively small quantities of special grades of copolymers, such as high styrene, latices, and possibly other special purpose materials.

6. NATIONAL SECURITY CLAUSE

We accept as part of the contract of sale to us of the facilities we propose to purchase, and instruments in execution thereof, a national security clause substantially in the form attached as Exhibit B of "Instructions and Information in Connection With The Sale of The Government-Owned Rubber Producing Facilities", Release No. 1, as revised per Release No. 3, April 15, 1954.

7. PROSPECTIVE PURCHASER CLAIMS

We do not claim or intend to claim for ourselves any right to a royalty or license fee, or right to exclusive proprietary interest, or power to grant immunity, or right to disclose technical information and trade secrets with respect to any process, device or product presently in use in any rubber-producing facility or which is necessary to permit the use of any such facility for the purpose for which it was designed and constructed.

An associated company, Shell Development Company, a Delaware corporation, owns certain patents bearing upon synthetic rubber manufacturing operations. A list of these patents are attached to this proposal as Exhibit 3. Licenses of any or all of these patents are available from Shell Development Company upon reasonable terms.

8. NEGOTIATIONS

We agree to negotiate with the Commission for the purchase of the facilities at times and places to be established by the Commission.

9. CONDITIONS AND CONTINGENCIES

Our proposal to purchase Plancors 611, 929 and 963 is not made subject to any condition or contingency.

10. PURCHASE PRICE

The aggregate amount we propose to pay for Plancors 611, 929 and 963, together, is \$ 27,000,000. (*twenty seven Million dollars*).

We do not state the amounts we propose to pay for any of the facilities on an individual basis as we do not propose to purchase individual facilities.

Our certified check made payable to the order of Federal Reserve Bank of New York, as fiscal agent of the United States for the account of the Rubber Producing Facilities Disposal Commission, has been delivered to such bank at 35 Liberty Street, New York, New York, as our deposit of 2½% of the gross amount proposed to be paid by us for the facilities covered by this proposal.

Payment of the purchase price shall be made as follows:

25% of the agreed purchase price (to be made up in part by application of our deposit) shall be paid by us upon transfer to us of possession of the facilities purchased by us.

75% of the agreed purchase price shall be paid by a first lien purchase money mortgage with a maturity of ten years, to be amortized in ten equal annual installments, plus interest on the unamortized balance of the purchase price at 4% per annum.

11. DESCRIPTION OF PROPOSED PURCHASER

Shell Chemical Corporation now is, and together with its predecessors Shell Union Oil Corporation and Shell Chemical Company, since 1929, has been engaged in the manufacture and sale of chemical products derived from petroleum, and owns and operates the following chemical manufacturing facilities:

<u>Plant Locations</u>	<u>Principal Products Produced</u>
Houston, Texas	Isopropyl alcohol, acetone and various solvents derived therefrom, Secondary Butyl Alcohol, methyl ethyl ketone, synthetic glycerine, ethyl alcohol, ethyl chloride, epoxy type synthetic resins, ethyl chloride.
Martinez, Calif.	Oil additives, Isopropyl alcohol, acetone and various solvents derived therefrom. Secondary Butyl alcohol and methyl ethyl ketone.

<u>Plant Locations</u>	<u>Principal Products Produced</u>
Dominguez, Calif.	Isopropyl alcohol, acetone and various solvents derived therefrom. Secondary Butyl alcohol and methyl ethyl ketone.
Shell Point, Calif.	Ammonia, ammonium sulfate, carbon.
Ventura, Calif.	Ammonia

Our "Statement of Financial Condition-December 31, 1953" is attached to this proposal as Exhibit 4.

Shell Chemical Corporation and its predecessors have operated Plancor 963 for the Government during the entire period of production at that plant, i.e., from July, 1943, to August 15, 1947, and from November 30, 1950, to date.

Shell Chemical Corporation is a wholly owned subsidiary of Shell Oil Company; the latter is primarily engaged in the production, refining and marketing of petroleum products. Neither Shell Chemical Corporation nor the parent, Shell Oil Company, is engaged in the manufacture or sale of natural or synthetic rubber or products made therefrom, excepting that Shell Oil Company has contracts with The Firestone Tire & Rubber Company and with The Goodyear Tire & Rubber Company, Inc., which provide for the payment of a commission to Shell Oil Company as compensation for Shell's assistance in promoting the sale of their products to Shell dealers, commission distributors and jobbers. Shell Oil Company also sells tires and batteries directly to the public at the four automobile service stations which it operates in the United States.

In evaluating the relative position of Shell Chemical Corporation in the chemical industry, data reported for the year 1952, the most recent year available, are employed. For that year, the U.S. Federal Trade Commission estimated net sales of the chemical and allied products industry at \$16,621,000,000. Of this total, Shell Chemical Corporation's \$98,000,000 represent 0.6% (six-tenths of 1%). As will be seen from the figures below, Shell Chemical Corporation stands well behind the larger companies in this industry.

The leading chemical companies and their 1952 sales figures, together with their share of the U.S. total chemical sales are shown in the following tabulation:

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	<u>NET SALES</u> <u>MILLION DOLLARS</u>	<u>% OF U.S.</u> <u>INDUSTRY TOTAL</u>
E.I. duPont de Nemours & Company	1,602	9.6
Union Carbide & Carbon Corporation	956	5.8
Allied Chemical and Dye Corporation	490	3.0
*Dow Chemical Company	407	2.5
American Cyanamid Company	368	2.2
Monsanto Chemical Company	266	1.6
Hercules Powder Company	182	1.1
Mathieson Chemical Corporation	147	0.9

*year ending May 31, 1952

In the petroleum industry, data are also presented for the year 1952, as being the most recent period for which complete information is available. For that year, the entire U.S. demand for refined products of 2,815,000,000 barrels is taken as the basis for ranking the leading companies. Against this total, Shell Oil Company's sales of 169,000,000 barrels of refined products represent 6.0% of the entire U.S. market and result in a ranking of sixth place among all companies in that industry.

The relative share of U.S. domestic demand for refined petroleum products sold by the leading oil companies is shown in the following tabulation:

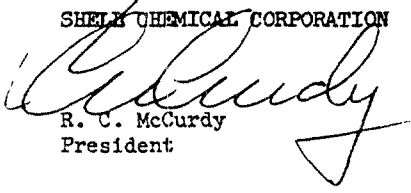
	<u>SALE AS % OF TOTAL U.S. DEMAND</u>
Standard Oil Company (N. J.)	12.5
Standard Oil Company (Ind.)	7.5
Socony-Vacuum Oil Company	7.0
The Texas Company	7.0 (approximately)
Gulf Oil Company	6.6
Shell Oil Company	6.0
Standard Oil Company of Calif.	5.5
Sinclair Oil Company	5.1

Since neither Shell Chemical Corporation nor Shell Oil Company has any activities in the rubber industry, no figures on relative position or leading operators in this industry will be presented in this discussion. Among the products of Shell Oil Company, the following may find use in the rubber industry: benzene, which is a suitable raw material for the production of styrene, used in the manufacture of synthetic rubber. For the year 1953, with capacity to produce some 23,000,000 gallons per year of this material, Shell Oil

sales amounted to 13,100,000 gallons. Some portion of this benzene found its way into the manufacture of synthetic rubber, but the amount cannot be estimated. Direct sales to RFC were only 2,311,000 gallons. Synthetic ethyl alcohol produced by Shell Chemical Corporation might be utilized as a source of butadiene, a raw material for synthetic rubber producing. However, to the best of our knowledge, none of this product has been employed in the past two years or more for the manufacture of synthetic rubber raw material. Dutrex, a high aromatic oil, made and sold by Shell Oil Company, is used in the production of oil extended rubber. We believe that the above covers all the products made by ourselves or Shell Oil Company that are used in any appreciable quantities in the rubber industry. Other products are undoubtedly used in small quantities for various formulations and for the synthesis of derivatives used in the rubber industry, but the quantities are small and our knowledge of the uses is incomplete.

Yours very truly,

SHELL CHEMICAL CORPORATION


R. C. McCurdy
President

Attachments

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C-4001-1 (8-53 Rev.) Printed in U.S.A.



SHELL CHEMICAL CORPORATION

380 MADISON AVE., NEW YORK 17, N. Y.

CONTRACT

SHELL CHEMICAL CORPORATION, hereinafter called "Seller," agrees to sell to

hereinafter called "Buyer," and Buyer agrees to purchase from Seller merchandise herein described and according to the terms and conditions named below:

PERIOD:

PRODUCT:

QUANTITY:

PRICE:

DELIVERY: F.O.B. BUYER'S WORKS IN

TERMS: NET 10th OF FOLLOWING MONTH

REMARKS:

The Conditions of Sale set forth on the reverse side hereof form a part of this contract.

ACCEPTED:

.....
(NAME OF CONTRACTOR)

By:.....

Title.....

DATED:

SHELL CHEMICAL CORPORATION

By:.....

Title.....

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CONDITIONS OF SALE

1. Quantity and/or weights of bulk tank car and tank truck shipments shall be based either on outage tables and appropriate temperature corrections or weighmaster's certificate. Deliveries shall be made via railway or automotive truck as Seller shall elect. The term "f.o.b. Buyer's works" when used in this contract means deliveries f.o.b. railway cars at carrier's nearest delivery point or at railway siding designated by Buyer, when via rail, and f.o.b. Buyer's plant, when via automotive truck.
2. Buyer shall give Seller reasonable notice covering shipments, and Seller shall not be required to tender delivery of any quantities for which Buyer has not given shipping instructions. Seller shall not be required to deliver in any month more than the specified monthly quantity or, if no monthly quantity is specified, more than the pro rata amount of the specified maximum quantity. Any portion of the maximum monthly quantity which Buyer fails to take in any month may, at Seller's option, be cancelled.
3. Buyer agrees to furnish and maintain safe and adequate facilities in all respects meeting all requirements of any applicable governmental law, rule or regulation, for receiving deliveries of and storing any products delivered hereunder in bulk by automotive trucks, and Buyer hereby releases Seller from any liability for, and agrees to indemnify Seller on account of, any claim for injury to or death of persons or damage to property in anywise resulting from or based upon Buyer's failure to comply with the foregoing provision.
4. Buyer shall pay Seller in United States par funds, without discount, for all goods delivered. Seller reserves the right, among other remedies, to suspend further deliveries in the event Buyer fails to pay for any one shipment when payment for same becomes due. Should Buyer's financial responsibility become unsatisfactory to Seller, cash payments or satisfactory security may be required by Seller.
5. The price herein specified may be revised for any quarterly period commencing on the first days of January, April, July and October after the date hereof (including the first such quarterly period), by written notice from Seller dispatched not less than 15 days prior to the date on which any such quarterly period is to commence. Buyer's failure to serve Seller with written notice of objection to proposed price revision prior to the beginning of any quarterly period shall be considered acceptance of such revision. In the absence of such written notice from the Seller to the Buyer regarding any contemplated adjustment of prices for the ensuing quarter, it is understood that the price then in effect shall continue in effect for the next quarter. Failure of Buyer and Seller to agree on proposed price revision after such notice by Seller, releases Seller without obligation and permits Buyer to purchase elsewhere quantities required during the quarterly period in question.
6. If Buyer is offered material of equal quality at a price lower than stated herein and furnishes evidence of such lower price, the Seller will either meet such price or allow Buyer to purchase said material so offered, the amount so purchased to be deducted from the quantity specified herein.
7. Any excise tax imposed, and payable by Seller, on or measured by the manufacture, transportation or sale of the goods purchased by Buyer hereunder shall be paid by Buyer to Seller in addition to price specified herein.
8. Seller gives no guarantee of the suitability of the goods for any specific purpose, even if that purpose is known to him. Seller shall not be liable for any loss or damage resulting from the handling or use of the goods shipped hereunder whether in manufacturing processes or otherwise.
9. Unless otherwise stated, the goods purchased by Buyer hereunder are sold by Seller for Buyer's own consumption in the United States, and Seller may limit deliveries accordingly.
10. Either party hereto shall be absolved from its obligations under this contract when and to the extent that performance thereof is delayed or prevented by any cause, except financial, reasonably beyond such party's control, or by fire, explosion, breakdown of machinery or equipment, plant shut-down, riots, strikes, labor disputes, compliance with requirement of governmental authority, total or partial failure of the usual means of transportation of the products to be sold hereunder, or inability for any reason to obtain materials used in the manufacture of such products.
11. If any provision hereof is, or becomes, violative of any law, or rule, order or regulation issued thereunder, Seller shall have the right, upon notice to Buyer, to cancel such provision, without effect upon the other provisions, or to cancel further deliveries in their entirety.
12. Buyer's right to purchase any goods hereunder is not transferable nor assignable by Buyer without Seller's consent.
13. In the event of any breach by Buyer of any of the provisions of this contract, Seller shall have the right, in addition to any other rights or remedies it may have, to suspend deliveries hereunder or to terminate this contract.
14. This contract contains the entire understanding between Buyer and Seller for the purchase and sale of the material described herein and the same shall not be modified by acceptance by Seller of any purchase order issued by Buyer and containing terms or conditions inconsistent herewith. Neither this contract nor any subsequent agreement amending or supplementing this contract shall be binding on Seller unless and until it has been signed in Seller's behalf by a duly authorized representative; and commencement of performance hereunder or under any such subsequent agreement shall not constitute a waiver of this requirement.

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SHELL CHEMICAL CORPORATION

SHELL CHEMICAL CORPORATION PROPOSAL - EXHIBIT 2.

Date

Acknowledgment of Order

Gentlemen:

Thank you for your order dated

Your Order No.

Product

Quantity

Price*

Terms: Net 10th of Following Month

Shipping Date (Approximate)

For Shipment To

Your order is accepted and the product or products specified will be supplied as above provided pursuant to terms of current contract, or if there is no current contract, pursuant to Conditions of Sale set forth on the reverse side hereof.

*Subject to revision as per contract or as stated in Paragraph 5 of Conditions of Sale on the reverse side.

Very truly yours,

SHELL CHEMICAL CORPORATION

By: _____

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CONDITIONS OF SALE

1. Quantity and/or weights of bulk tank car and tank truck shipments shall be based either on outage tables and appropriate temperature corrections or weighmaster's certificate. Deliveries shall be made via railway or automotive truck as Seller shall elect. The term "f.o.b. Buyer's works" when used in this contract means deliveries f.o.b. railway cars at carrier's nearest delivery point or at railway siding designated by Buyer, when via rail, and f.o.b. Buyer's plant, when via automotive truck.
2. Buyer shall give Seller reasonable notice covering shipments, and Seller shall not be required to tender delivery of any quantities for which Buyer has not given shipping instructions. Seller shall not be required to deliver in any month more than the specified monthly quantity or, if no monthly quantity is specified, more than the pro rata amount of the specified maximum quantity. Any portion of the maximum monthly quantity which Buyer fails to take in any month may, at Seller's option, be cancelled.
3. Buyer agrees to furnish and maintain safe and adequate facilities in all respects meeting all requirements of any applicable governmental law, rule or regulation, for receiving deliveries of and storing any products delivered hereunder in bulk by automotive trucks, and Buyer hereby releases Seller from any liability for and agrees to indemnify Seller on account of, any claim for injury to or death of persons or damage to property in anywise resulting from or based upon Buyer's failure to comply with the foregoing provision.
4. Buyer shall pay Seller in United States par funds, without discount, for all goods delivered. Seller reserves the right, among other remedies, to suspend further deliveries in the event Buyer fails to pay for any one shipment when payment for same becomes due. Should Buyer's financial responsibility become unsatisfactory to Seller, cash payments or satisfactory security may be required by Seller.
5. The price herein specified may be revised for any quarterly period commencing on the first days of January, April, July and October after the date hereof (including the first such quarterly period) by written notice from Seller dispatched not less than 15 days prior to the date on which any such quarterly period is to commence. Buyer's failure to serve Seller with written notice of objection to proposed price revision prior to the beginning of any quarterly period shall be considered acceptance of such revision. In the absence of such written notice from the Seller to the Buyer regarding any contemplated adjustment of prices for the ensuing quarter, it is understood that the price then in effect shall continue in effect for the next quarter. Failure of Buyer and Seller to agree on proposed price revision after such notice by Seller, releases Seller without obligation and permits Buyer to purchase elsewhere quantities required during the quarterly period in question.
6. Any excise tax imposed, and payable by Seller, on or measured by the manufacture, transportation or sale of the goods purchased by Buyer hereunder shall be paid by Buyer to Seller in addition to price specified herein.
7. Seller gives no guarantee of the suitability of the goods for any specific purpose, even if that purpose is known to him. Seller shall not be liable for any loss or damage resulting from the handling or use of the goods shipped hereunder whether in manufacturing processes or otherwise.
8. Unless otherwise stated, the goods purchased by Buyer hereunder are sold by Seller for Buyer's own consumption in the United States, and Seller may limit deliveries accordingly.
9. Either party hereto shall be absolved from its obligations under this contract when and to the extent that performance thereof is delayed or prevented by any cause, except financial, reasonably beyond such party's control, or by fire, explosion, breakdown of machinery or equipment, plant shut-down, riots, strikes, labor disputes, compliance with requirement of governmental authority, total or partial failure of the usual means of transportation of the products to be sold hereunder, or inability for any reason to obtain materials used in the manufacture of such products.
10. If any provision hereof is, or becomes, violative of any law, or rule, order or regulation issued thereunder, Seller shall have the right, upon notice to Buyer, to cancel such provision, without effect upon the other provisions, or to cancel further deliveries in their entirety.
11. Buyer's right to purchase any goods hereunder is not transferable nor assignable by Buyer without Seller's consent.
12. In the event of any breach by Buyer of any of the provisions of this contract, Seller shall have the right, in addition to any other rights or remedies it may have, to suspend deliveries hereunder or to terminate this contract.
13. This contract contains the entire understanding between Buyer and Seller for the purchase and sale of the material described herein and the same shall not be modified by acceptance by Seller of any purchase order issued by Buyer and containing terms or conditions inconsistent herewith.

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SHELL DEVELOPMENT COMPANY
PATENTS PERTAINING TO SYNTHETIC RUBBER PRODUCTION

PRODUCTION OF STYRENE

1. Production of Ethylene

White - U.S. 2,621,216

2. Production of Ethylene Benzene

Malishev - U.S. 2,141,611
Crawford-Ross - U.S. 2,306,261
Crawford-Ross - U.S. 2,337,014
Ross-McAllister-Anderson - U.S. 2,370,195
Treseder - U.S. 2,382,753
Ross-McAllister-Anderson - U.S. 2,389,550
Wachter-Treseder - U.S. 2,411,483

3. Production of Ethyl Benzene Dehydrogenation Catalyst

Groll-Burgin - U.S. 2,198,195
Groll-Burgin - U.S. 2,217,865
Engel - U.S. 2,258,111
Liedholm - U.S. 2,262,427
Groll-Burgin - U.S. 2,270,165
Archibald-Smith - U.S. 2,331,292
Gutzeit - U.S. 2,408,150
Gutzeit - U.S. 2,449,295
Davies-Eggertsen - U.S. 2,460,811
Engel-Krijger - U.S. 2,662,860

4. Production of Ethylene Benzene Dehydrogenation Process

Groll - U.S. 2,168,840
Groll-Burgin - U.S. 2,182,431
Groll-Burgin - U.S. 2,184,234
Groll-Burgin - U.S. 2,184,235
Liedholm - U.S. 2,225,402
Liedholm-Cole-Shultz - U.S. 2,269,028
Roberts-Burgin - U.S. 2,300,971
Liedholm-Cole-Shultz - U.S. 2,305,538
Cole-Shultz - U.S. 2,394,750
Cole-Shultz - U.S. 2,403,052
Eggertsen-Voge - U.S. 2,414,585
Cheney-McAllister - U.S. 2,441,095
Davies-Eggertsen - U.S. 2,461,147
Smith-Beeck - U.S. 2,474,440

SHELL DEVELOPMENT COMPANY
PATENTS PERTAINING TO SYNTHETIC RUBBER PRODUCTION (Continued)

PRODUCTION OF COPOLYMER

1. Copolymerization Process

Groll-Burgin - U.S. 2,182,431
Groll-Burgin - U.S. 2,184,235
Liedholm - U.S. 2,225,402
Liedholm - U.S. 2,262,427
Liedholm-Cole-Shultz - U.S. 2,269,028
Liedholm-Cole-Shultz - U.S. 2,305,538

2. Copolymer Softeners

Malishev - U.S. 2,141,611
Groll - U.S. 2,168,840
Groll-Burgin - U.S. 2,184,234
Roberts-Burgin - U.S. 2,300,971
Crawford-Ross - U.S. 2,306,261

3. Copolymer Plasticizers

Engel - U.S. 2,258,111
Groll-Burgin - U.S. 2,270,165

4. Copolymer Compositions

Groll-Burgin - U.S. 2,198,195
Groll-Burgin - U.S. 2,217,865

PRODUCTION OF BUTADIENE

1. Cold Acid Polymerization

Deanesly - U.S. 2,106,521
Huyser - U.S. 2,133,732
Deanesly - U.S. 2,216,549
McAllister - U.S. 2,228,669
Deanesly - U.S. 2,237,292

SHELL DEVELOPMENT COMPANY
PATENTS PERTAINING TO SYNTHETIC RUBBER PRODUCTION (Continued)

PRODUCTION OF BUTADIENE (cont'd)

2. Butylene Extraction (Acetone-Water)

Shiras - U.S. 2,350,256
Souders - U.S. 2,365,912
Morris - U.S. 2,371,908
Evans - U.S. 2,373,951
Evans - U.S. 2,374,984
Souders - U.S. 2,377,049
Souders - U.S. 2,379,110

3. Butylene Dehydrogenation

Wright - U.S. 2,385,484
Gutzeit - U.S. 2,408,139
Gutzeit - U.S. 2,408,140
Eggertsen - U.S. 2,414,585
Gutzeit - U.S. 2,449,295
Davies - U.S. 2,460,811
Davies - U.S. 2,461,147

4. Butadiene Extraction (Copper Ammonium Acetate)

Fleer - U.S. 2,383,784
Wolff - U.S. 2,390,764

5. Butadiene Stabilization

Hatch - U.S. 2,402,113
Hatch - U.S. 2,415,009
Hatch - U.S. 2,478,045

SHELL CHEMICAL CORPORATION AND SUBSIDIARY COMPANY
STATEMENT OF FINANCIAL CONDITION
AS AT DECEMBER 31, 1953

<u>ASSETS</u>	
CURRENT ASSETS	
Cash	\$ 4,961,357
U.S. Government short-term securities, at cost, exclusive of amounts applied in reduction of federal tax liability	7,609,147
Receivables, less allowance for doubtful accounts	10,829,756
Owing by affiliated companies	1,123,309
Inventories	
Manufactured products, etc.	16,935,658
Materials and supplies	5,248,259
TOTAL CURRENT ASSETS	46,707,486
PROPERTIES, PLANT AND EQUIPMENT	103,171,912
Less accumulated depreciation	(52,146,881)
NET PROPERTIES, PLANT AND EQUIPMENT	51,025,031
OTHER ASSETS AND PREPAID EXPENSES	
Patents and licenses less amortization	-
Other notes receivable and sundry deposits	123,961
Prepaid insurance, taxes and other expenses	438,934
TOTAL OTHER ASSETS AND PREPAID EXPENSES	562,895
 TOTAL	 \$ 98,295,412

<u>LIABILITIES</u>	
CURRENT LIABILITIES	
Accounts payable	\$ 6,563,608
Owing to affiliated companies	3,610,309
Wages, insurance and miscellaneous accruals	1,141,656
Estimated federal taxes on income, less U.S. Government securities held for payment of taxes, \$16,300,000	1,421,786
Other taxes	431,925
TOTAL CURRENT LIABILITIES	13,169,284
LONG TERM LIABILITIES	
Liability assumed for repair/replacement of property leased from Government	441,938
Reserve for repair/replacement cost, property leased from Government	2,008,062
TOTAL LONG TERM LIABILITIES	2,450,000
NOTES PAYABLE	
Owing to Shell Oil Company	49,000,000
<u>SHAREHOLDERS' INVESTMENT</u>	
CAPITAL	
Common stock of a par value of \$100 a share, authorized and issued 100,000 shares	10,000,000
Amount in excess of par value	2,165,316
TOTAL CAPITAL	12,165,316
EARNINGS EMPLOYED IN THE BUSINESS	21,510,812
TOTAL	\$98,295,412

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POOR LEGIBILITY

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